GOV. NEWSOM’S JANUARY BUDGET PROPOSAL FOR 2020-21

Governor Gavin Newsom has released his January budget proposal for the 2020-21 fiscal year. Governor Newsom framed his proposed budget as one that was developed against the backdrop of an extraordinarily strong economy, and builds reserves while promoting a more effective government that can withstand an economic downturn. With that said, the Governor points to future economic uncertainty due to global economic markets and the nation’s political climate.

EDUCATION FUNDING OVERVIEW

The budget proposes to fund the Proposition 98 minimum guarantee at $84 billion, a $3 billion year-over-year increase for schools and community colleges. An additional $819 million is anticipated due to adjustments in the 2018-19 and 2019-20 minimum guarantees. The funding level translates to $12,600 in ongoing K-12 per-pupil expenditures of Prop. 98 funds, which is an increase of $496 over the level provided in 2019-20 and $7,200 higher than its low point in 2011-12.

Source: California Department of Finance

LOCAL CONTROL FUNDING FORMULA (LCFF): The budget proposes a $1.2 billion Prop. 98 General Fund increase for the LCFF, which reflects a 2.29 percent cost-of-living adjustment (COLA), and brings total LCFF funding to $64.2 billion.
**Fiscal Accountability:** To further improve and strengthen LCFF fiscal accountability, the budget proposes a $600,000 one-time Prop. 98 General Fund contribution to: 1) Make statewide Local Control Accountability Plans (LCAP) information easily accessible to the public through the development of an online LCAP portal; and 2) Co-locate the School Accountability Report Card (SARC) and the LCAP online to make it easier for the public to access and compare both accountability tools.

**Educator Recruitment and Preparation:** The budget proposes nearly $900 million in one-time Prop. 98 General Fund appropriations for teacher training and professional development in high-need subjects and high-need areas:

- $350 million for the Educator Workforce Investment Grants, which would support competitive grants for professional learning opportunities for teachers and paraprofessionals;
- $193 million for the Workforce Development Grant Program to address workforce shortages in high-need subjects and areas;
- $175 million to expand the Teacher Residency Program, which supports teacher preparation programs;
- $100 million for the California Teacher Credential Award Program that would fund $20,000 stipends for fully credentialed teachers who complete four years of teaching service;
- $64.1 million to expand the California Classified School Employees Credentialing Program which provides grants to local education agencies to recruit non-certificated school employees to become certificated classroom teachers.

**Special Education:** While preserving the special education categoricals, the budget proposes the elimination of the Assembly Bill 602 funding model and would replace it with a base formula that uses a three-year rolling average of LEA average daily attendance (ADA). While school district ADA would be utilized, funding would still allocated to SELPAs. Special education base funding would increase by $645 million, of which $152 million is a continuation of the prior year allocation. The budget proposes an additional $250 million in ongoing Prop. 98 General Fund contributions based on the number of children ages 3 to 5 years with exceptional needs served. The governor also proposes the establishment of workgroups to put forth recommendations related to special education governance, accountability, and funding distribution models.

**Community Schools:** The budget proposes a $300 million one-time Prop. 98 General Fund contribution to establish “Community School” grants for local educational agencies supporting innovative community school models.

**Opportunity Grants:** The budget proposes a $300 million one-time Prop. 98 General Fund contribution to: 1) establish Opportunity Grants for the state’s lowest-performing schools and school districts, and; 2) expand the capacity of the CCEE in its role within the statewide system of support.

**Computer Science:** To support the implementation of new computer science standards, the budget proposes $15 million in one-time Prop. 98 funds for grants to LEAs to support teachers earning a supplementary authorization on their credential to teach computer science.
**School Nutrition:** The budget proposes $60 million in Prop. 98 funds to improve the quality of subsidized school meals and encourage participation in the state and federal school nutrition programs, which would increase the school nutrition reimbursement rates by about 1 percent. The budget proposes $10 million in Prop. 98 General Fund dollars to provide training for school food service workers to promote healthier and more nutritious meals. Additionally, the budget proposes a $10 million one-time General Fund contribution in 2020-21 and $1.5 million yearly on-going thereafter for the California Department of Food and Agriculture to establish a Farm to School Grant Program which will provide grants to LEAs to help expand healthy food access in schools.

**K-12 School Facilities:** The budget authorizes the sale of $1.5 billion in Prop. 51 (2016) bond funds, the same amount authorized in last year’s budget, to support school construction projects. Governor Newsom also highlighted his push for the March 3, 2020 statewide school bond, Prop. 13.

**Kindergarten and Preschool Facilities:** The budget proposes $75 million in Prop. 98 General Funds to expand the Inclusive Early Education Expansion Program, which provides funding to LEAs to construct or modify preschool facilities to serve students with exceptional needs or severe disabilities.

**Power Shortage Preparedness:** The budget includes $50 million in one-time General Fund revenues to support additional power shortage preparedness measures. The proposal will support a matching grant program to help local governments to prepare for, respond to, and mitigate the impacts of the power outages.

**California Newcomer Education and Well-Being Project:** The budget includes $15 million in one-time Prop. 98 General Fund contributions for the California Newcomer Education and Well-Being Project (CalNEW), which assists school districts in improving refugee and unaccompanied undocumented minor students’ well-being, English-language proficiency, and academic performance.

**Pension Liabilities:** The budget proposes no additional supplemental pension payments on behalf of school employers, although last year’s budget included $3.15 billion in supplemental payments (one-time, General Fund) to CalSTRS and CalPERS on behalf of school employers, which will provide modest relief in both the near and long term.

**Cost-Of-Living-Adjustments:** The proposed budget includes an increase of a one-time $122.4 million Prop. 98 General Fund contribution to reflect a 2.29 percent cost-of-living adjustment for categorical programs that remain outside of the Local Control Funding Formula.

**Combating Youth Vaping:** To address the youth vaping epidemic, the governor is proposing a $2 for each 40 milligrams of nicotine tax. Revenues will be used for administration, enforcement, youth prevention, and health care workforce programs.

**ACSA Perspective and What’s Next**

Over the next several months, there will be significant debate surrounding reforms to special education. While the summary is light on details, it is clear the administration is moving in a different direction from previous administrations in terms of distribution model, accountability, and other
potential changes to special education. ACSA advocates will work hard to ensure these proposals do not have an adverse impact on LEAs. The association remains steadfast in its commitment to advocating for increased resources for special education, and supporting reforms that recognize the growing number and increased severity of students identified with special needs.

The Local Control Funding Formula will be another area of focus. ACSA and other education stakeholders remain committed to advocating for the establishment of new LCFF targets, as was the goal with Assembly Bill 39 (Muratsuchi). New targets will ensure that future funding is distributed through the LCFF to provide local communities the ability to invest funds in areas critical to the success of their students. There will undoubtedly be further attempts by members of the Legislature to direct additional funding to the “lowest-performing subgroup” under the LCFF. ACSA will be actively engaged in conversations surrounding this effort.

Pension liabilities are certain to be another hot topic. ACSA and other educational stakeholders are prioritizing additional pension relief. The Legislative Analyst’s Office approximates that increases in CalPERS and CalSTRS rates in 2020-21 will cost LEAs about $1 billion, which would consume almost the entirety of the proposed LCFF growth ($1.2 billion). Assembly Speaker Anthony Rendon said he will look for opportunities to add to last year’s $3.15 billion investment to pay down school liabilities. ACSA will work with legislative leadership and other stakeholders to push for an additional General Fund contribution outside of Prop. 98 to buy down school employer pension liabilities.

ACSA supports increased funding for professional learning and will work to ensure administrators are included in these opportunities. ACSA has advocated for the $20,000 stipend for teachers who commit to teaching in a high-need school in a high-need subject for years. The association will work with the governor to develop a stipend allocation process for some of the most difficult teaching jobs. There are many questions regarding the proposed competitive grant for the Workforce Development Grant Program.

It is important to remember that this is just a proposal, and the budget will not be finalized until June. The Legislature will initiate the formal and public deliberation process to discuss the governor’s budget proposal and will craft their own alternatives during the next five months. As a major education stakeholder, ACSA will be actively engaged in the budget discussions with the administration to ensure students’ best interests are prioritized. ACSA will keep you apprised of all budget negotiation discussions.

The full budget summary can be found at http://www.ebudget.ca.gov/FullBudgetSummary.pdf.